



WELCOME/KEYNOTE ADDRESS

**MALLAM SANUSI LAMIDO SANUSI, CON, GOVERNOR, CENTRAL BANK OF NIGERIA AT THE
LAUNCHING OF THE NATIONAL FINANCIAL INCLUSION STRATEGY HOLDING AT
TRANSCORP HILTON HOTEL, ABUJA, NIGERIA**

TUESDAY, 23RD OCTOBER, 2012

Protocol

1.0 Your Excellency, Dr. Goodluck Ebele Jonathan, GCFR, President and Commander-In-Chief of the Armed Forces of Nigeria, Her Royal Highness (HRH), Princess Maxima of The Netherlands, United Nations Secretary General's Special Advocate on Inclusive Finance for Development, Your Excellencies, State Governors here present, Distinguished Senators, Honourable members, House of Representatives, Honourable Ministers, Senior Government Officials, Dr. Alfred Hannig, Executive Director of the Alliance for Financial Inclusion, Jeroo Billimoria, Managing Director of Child & Youth Finance International, Captains of Industry, members of international community, gentlemen of the press, distinguished ladies and gentlemen, let me welcome you to this occasion.

2.0 Your Excellencies, distinguished ladies and gentlemen, in 2009, a Financial Inclusion Summit was convened in Pittsburgh, the United States of America where the leaders of the G20 countries and other stakeholders made a commitment to improve access to financial services by supporting the spread of safe and sound financial products capable of reaching the low income earners and the remote rural areas. This resolution came up as a result of the recognition which the leaders accorded financial inclusion as an emerging priority area for policy makers and regulators in the financial sector. An inclusive financial system is also viewed as an important tool to propel sustainable growth and development of the economy. So far, over 60 countries have initiated financial inclusion reforms in recent years.

3.0 Kindly permit me, your Excellencies to also recall that in 2011, Financial Regulators from 20 developing countries including Nigeria made financial inclusion commitment referred to as the "MAYA DECLARATION", in Mexico. In September, 2012, the number of countries increased to 35, with the



most recent commitments coming under the auspices of the Alliance for Financial Inclusion, Global Policy Forum in Cape Town, South Africa: The pledge seeks to:

- Create an enabling environment that substantially lowers the cost of financial services through the deployment of innovative technology;
- Implementing a sound and appropriate regulatory framework that balances the goals of financial inclusion, integrity and stability;
- Recognize consumer protection and empowerment as key pillars of financial inclusion and;
- Making evidence-based financial inclusion policy a priority by collecting and analyzing comprehensive data.

Nigeria, on its part committed to reduce its financial exclusion rate from 46.3% in 2010 to 20.0% in 2020.

4.0 Let me reiterate that I am overwhelmed by the presence of this large number of committed stakeholders from all regions of the World who have taken time to honour our invitation to this launch of the Nigeria's "National Financial Inclusion Strategy (NFIS)". It is an indication of the stakeholders' resolve and commitment to deploy appropriate strategies for effective financial inclusion with the resultant outcome of poverty reduction, job and wealth creation, as well as overall growth and development of our nations' economies.

5.0 To broaden its role in the promotion of financial inclusion, the Central Bank of Nigeria aims to reinforce the Bank's function in ensuring monetary stability and sound financial structure, so as to enhance economic development. It is noteworthy that countries can improve their levels of financial inclusion by creating effective policy and regulatory environment that empower the populace.

6.0 The Bank has in the past, introduced various policies and programmes targeted at providing access to finance for majority of the economically active population and ensuring that every citizen is integrated into the formal financial system. Ladies and gentlemen, please recall that the landmark effort at financial inclusion in Nigeria dates back to 2005 with the launching of Microfinance Policy Regulatory and Supervisory Framework for Nigeria, subsequently revised in 2011. The key elements which the Policy sets out to achieve are:



- ~ Assist Microfinance Banks to set up an Apex Regulatory Body
- ~ Establish a Microfinance Certification Programme to enhance the capacity of operators in the sub-sector
- ~ Set up credit bureaux
- ~ Promote the setting up of rating agencies for Microfinance Banks
- ~ Establish Micro, Small and Medium Enterprises Development Fund (MSMEDF) to provide wholesale funding requirements of Microfinance Banks and Microfinance Institutions for on-lending to micro and medium enterprises.

I am pleased to inform His Excellency, Mr president and Nigerians that the Central Bank of Nigeria has delivered on all the above except the MSMEDF. On the MSMEDF, I can now say that we have reached a broad agreement with the key partners and working assiduously to finalise the modalities and guidelines for its implementation.

When established, about 60 percent of the Fund will be focused on women-owned enterprises.

Other policies on Financial Inclusion enunciated by the Central Bank of Nigeria include: the Transformation of the payment system; the Policy on mobile banking; the introduction of non-interest banking; the cashless policy; the review of the Know-Your-Customer Guidelines and the financial literacy framework, among others. Despite all these policies, there is still a lot of work required to achieve the desired level of financial inclusiveness for adults in Nigeria. The 2010 survey conducted by Enhancing Financial Innovation and Access (EFInA) showed that 46.3 percent of the Nigerian adult population, is excluded from financial services. Distinguished Ladies and Gentlemen, we all have specific roles to play to achieve the common purpose of an acceptable inclusive financial environment. This calls for collaboration of all stakeholders.

For almost two decades, the international community has been working assiduously, committing huge resources to building more inclusive financial systems to improve access to finance. However, about 2.5 billion adults globally still do not have savings or credit accounts with almost 90 per cent of them living in Asia, Africa, the Middle East and Latin America (FAO, 2009). This situation can be reversed through partnership of public and private sector players, especially policy makers, regulators, operators as well as the intervention of inter-governmental organizations and international non-governmental organizations.



7.0 Please recall that 46.3 per cent of the population (39.2 million of the total adult population of 84.7 million Nigerians) is still financially excluded. Nigeria lags behind South Africa, Kenya and Botswana that have 26.6 per cent, 32.7 per cent and 33.0 per cent financial exclusion rates, respectively which further triggers a call for immediate action. As the apex financial sector regulator, the CBN is committed to the Maya Declaration, and so plans to reduce the financial services exclusion rate in Nigeria to 20.0 per cent by 2020. It was in the spirit of this declaration that the Bank in collaboration with key partners designed the National Financial Inclusion Strategy (NFIS).

8.0 The financial sector operators are to implement the strategy, while the oversight function resides with the Financial Services Regulatory and Coordinating Committee (FSRCC). Some steps have been taken to implement the Strategy; these include the establishment of Consumer Protection Department and a Financial Inclusion Secretariat. Strategic alliances had been initiated with the Nigerian Communications Commission (NCC) and the Nigerian Postal Service (NIPOST) to develop agent banking, to bring financial services closer to the people in rural areas, who constitute over 70 per cent of Nigeria's population. The cashless policy implementation which commenced in Lagos is being pursued with vigor and would be extended to other States of the Federation in 2013. The Bank has drafted the agent banking guidelines to enable banks employ the services of correspondents in dispensing services, particularly to rural areas, while a draft financial literacy framework for the country has been prepared in collaboration with stakeholders.

9.0 It is pertinent to add here that in Sub-Saharan Africa, children make up 47.30 per cent of the population but only 16.8 per cent of those between the ages of 15 – 25 years hold accounts in formal financial institutions. In the light of this, it is our desire that the challenges of child and youth finance would be addressed holistically, to tap on their potentials to contribute to national economic development from cradle.

10.0 Let me at this juncture express my appreciation to all the relevant agencies that have played key roles in the designing of this strategy document. I also want express my gratitude to the Alliance for Financial Inclusion (AFI), Enhancing Financial Innovation and Access (EFInA), Rowland Berger, Strategy Consultants and other key stakeholders in the production of the NFIS document.



11.0 Mr. President, I would once again like to express our sincere appreciation to you, for finding time out of your tight schedule to grace this occasion. My thanks also go to Her Royal Highness, Princess Maxima of The Netherlands, the United Nations (UN) Secretary-General's Special Advocate for Inclusive Finance for Development for her untiring efforts, support and valuable comments on the draft NFIS document.

12.0 On this note, Distinguished Ladies and Gentlemen, it is my honour and privilege to invite His Excellency, President and Commander-in-Chief of the Armed Forces of the Federal Republic of Nigeria, Dr. Goodluck Ebele Jonathan, GCFR, to launch the National Financial Inclusion Strategy.

I thank you all.

Mallam Sanusi Lamido Sanusi, CON

Governor

Central Bank of Nigeria

October 23, 2012